



**HOUSTON-GALVESTON AREA COUNCIL**  
**Method of Distribution for**  
**Community Development Block Grant Disaster Recovery Program**  
**ROUND TWO PHASE TWO DISASTER RECOVERY SUPPLEMENTAL**  
**ALLOCATION**

**Approved and Adopted by the H-GAC Board of Directors on November 15, 2011**

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**Houston-Galveston Area Council**  
**Method of Distribution for**  
**Community Development Block Grant Disaster Recovery Program**  
**ROUND 2 PHASE 2 DISASTER RECOVERY SUPPLEMENTAL ALLOCATION**  
**DRAFT – For Public Comment through November 8, 2011**

**1.0 BACKGROUND**

On September 14, 2011 the Texas General Land Office (GLO) released guidance for regional methods of distribution (MOD) for federal disaster recovery funds. The GLO has instructed H-GAC to use this guidance to allocate approximately \$969 million in second round Hurricane Ike disaster recovery funds to the region's local governments.

The disaster recovery funding is intended to help address unmet housing, economic and infrastructure needs associated with Hurricanes Ike and Dolly. The emergency funding is provided through HUD's *Community Development Block Grant (CDBG)* Program and will support the State's long-term disaster recovery. This is the second and final allocation of disaster recovery CDBG funding appropriated by Congress immediately following Hurricane Ike. The majority of funding must benefit low and moderate income citizens.

**1.1 Funds Available for Allocation**

The GLO guidance for the Round 2 Phase 2 MOD calls for H-GAC to allocate all round two funds except for round 2.1 funds that have been contractually obligated. A summary of funds available for allocation is included in Table 1. Table 2 provides a breakdown of available funding for specific housing categories.

**TABLE 1**  
**SUMMARY OF AVAILABLE FUNDS – ROUND 2 PHASE 2**

Total H-GAC Region Round 2 funding:	\$1.032.4 billion
Amount obligated by State in Round 2.1	<u>\$62.1 million</u>
Available to be allocated Round 2.2 MOD	\$969.5 million
 Total Non-housing – Round 2.2	 \$322.1 million*
Total Housing – Round 2.2	<u>\$647.4 million</u>
	\$969.5 million*

*\*The Round 2.2 Method of Distribution (MOD) allocates remaining Round 2 funds that remain following final obligations of Round 2.1 funding by GLO. After issuing guidance on the Round 2.2 MOD process, GLO notified H-GAC that \$14,426,993 in Round 2.1 non-housing funds were not obligated by GLO and that the \$322,067,844 million in non-housing funds should be adjusted accordingly (i.e., increased to \$336,494,837). As a result, the Round 2.2 MOD non-housing allocation tables included in the draft MOD, presented at public hearings, and approved by the H-GAC Board include a non-housing amount of \$336,494,837.*

**TABLE 2**  
**SUMMARY OF HOUSING CATEGORIES AND SET-ASIDES - ROUND 2 PHASE 2**

<u>Housing Categories – Round 2.2</u>		
General Housing repair		\$427.3 million
Subsidized Housing repair		\$70.0 million
Subsidized Housing repair – State set aside for Galveston		\$20.0 million
Rapid Housing Recovery pilot program		\$4.0 million
Affordable Rental Housing:		
Single Family	\$28.9 million	
Other affordable rental	\$29.1 million	
Galveston Public Housing	\$50.0 million	
Other public housing	\$18.1 million	
Total Affordable Rental:		<u>\$126.1 million</u>
		\$647.4 million

## **1.2 New Considerations – Round 2 Phase 2**

Certain aspects of the MOD guidance are similar to previous efforts. However, there are several new considerations that H-GAC took into account during development of Round 2.2 MOD. The new considerations range from reallocation of funds to set asides for specific housing services, completion and consideration of fair housing activity statement forms, implementation of the Homeowner Opportunity Program, and spending obligations for Disaster Recovery Enhancement Fund projects. Each consideration is briefly presented below.

### Reallocation of Funds

The GLO Round 2 Phase 2 guidance does not include a provision for regional reallocation of funds. It specifies that “Any regionally allocated funds not fully obligated by the COG and funds from projects that have been allocated but are later disqualified or reduced in scope or pricing shall be returned to the State for reallocation at the State’s discretion.” H-GAC provided a process for reallocation during MOD development based on FFAST Form submittal at the end of the public comment period (Sections 3.2 and 3.3) – and final allocations reflect this consideration. H-GAC offers recommendations regarding post-approval reallocations in Section 3.4.

### Affordable Rental Housing Set-Aside (\$126 million)

In Round 2.2 H-GAC is required to allocate a \$126 million set-aside for repair and replacement of affordable rental housing. The affordable rental category directs funding to the repair and reconstruction of single family rental, multifamily, and public housing units – and includes specific sub-level allocations. Specific details can be reviewed in Section 3.3.

#### Subsidized Housing Set-Aside (\$90 million)

H-GAC is required to allocate \$90 million set-aside for repair and replacement of subsidized housing damaged or destroyed by Ike within in Galveston County and Harris County; which includes a \$20 million set aside for Galveston Island. Subsidized housing is defined as rental housing subsidized by a federal program (i.e., HUD Section 8, HUD 811, HUD 202, etc.). Specific details can be reviewed in Section 3.3.

#### Disaster Recovery Enhancement Funding Obligations (\$43 million)

The State received HUD Disaster Recovery Enhancement Funds (DREF) to supplement conventional CDBG disaster recovery funding. To retain the DREF allocation, H-GAC is required to obligate \$43 million within the Round 2.2 allocation to local governments for DREF eligible projects. DREF projects can include land use planning, updating Flood Insurance Rate maps, buy outs, drainage projects, and other mitigation measures. The Draft Round 2 Phase 2 MOD allocates the DREF obligation as a spending requirement for non-housing allocations over \$5,000,000. Specific information is included in Section 3.2

#### Rapid Housing Pilot Program (\$4 million)

The Round 2 Phase 2 MOD also includes allocation of \$4 million in funds to develop and implement 2 rapid housing recovery pilot program pilot programs – 1 to be located in Galveston County a 1 located in Harris County. The intent of the pilot programs is to develop rapid, efficient, large scale production of temporary and permanent housing that can be rapidly deployed following natural disasters.

#### Analysis of Impediments to Fair Housing and FFAST Form Considerations

The Round 2 Phase 2 must be informed by the State of Texas Phase I Analysis of Impediments to Fair Housing. *H-GAC considered the State of Texas Phase I Analysis of Impediments to Fair Housing by a) completing a COG-level FHST Form; b) completing a FFAST form for the H-GAC subregional Disaster Recovery Housing program; c) requiring subrecipients to complete, submit and receive GLO approval on local-level FHSAT Forms as a pre-requisite to receive non-housing and housing allocations; d) requiring housing subrecipients to use the H-GAC Regional Needs Assessment to inform their local program applications to GLO – and to expand upon the Regional Needs Assessment to further consider local community demographics; and, e) requiring that housing programs address the State of Texas Phase I Analysis of Impediments to Fair Housing when developing and implementing their programs.* H-GAC completed a Fair Housing Activity Statement-Texas (FFAST) Form as required by the GLO, and is requiring that all subrecipients complete and submit a FFAST form to GLO as a pre-requisite for eligibility to receive non-housing and housing allocations under the Round 2 Phase 2 MOD. In addition to the FFAST Forms, H-GAC completed a regional level needs assessment to identify areas of concentrated poverty, ethnicity and race to support refinement of local housing programs to be developed

by H-GAC, Counties and Cities during Round 2.2. The COG-Level FFAST Form completed by H-GAC is included as Appendix A.

### Homeowner Opportunity Program

Disaster Recovery Housing programs funded under the Round 2 allocations must comply with the State's Round 2 Housing Guidelines and offer the Homeowner Opportunity Program for eligible applicants located in areas of concentrated poverty, ethnicity, and race – and areas within the 100-year flood plain. Administration and implementation of the Homeowner Opportunity Program is funded via the housing allocations. Specific Information is located in Section 3.3.

### **1.3 Adoption, Approval and Amendment**

The H-GAC Board of Directors adopted the Round 2 Phase 2 Method of Distribution on Tuesday November 15, 2011. H-GAC submitted the Round 2 Phase 2 Method of Distribution to the GLO for approval on November 15, 2011. Future amendments, if any, will be made by the H-GAC Board of Directors and submitted to GLO for approval.

### **1.4 Updates and Revisions to the Draft Round 2 Phase 2 MOD**

Potential updates to the draft Round 2 Phase 2 MOD include reallocation of non-housing funds away from communities that have not submitted FFAST Forms to the GLO by the end of the public comment period (see Section 3.2 for details). Other updates and revisions may be developed based upon comments received during the public comment period, or clarification on guidance issued by the GLO. H-GAC may also make minor corrections to the text, and clarifying statements and correct computational errors. Updates and revisions will be summarized in this section and also included as Appendix B in the final Round 2 Phase 2 MOD. Clarifying language added to the final MOD is indicated by *italic font*.

### **1.5 Schedule for Round 2 Phase 2 MOD Development**

To submit an H-GAC Board approved and adopted MOD to the GLO by November 15, 2011, H-GAC has implemented the following schedule.

- October 11, 2011 H-GAC Hurricane Ike Committee - review draft
- October 18, 2011 H-GAC Board approve release of draft MOD for public comment
- October 18, 2011 Draft MOD posted; public comment period begins
- October 25, 2011 Public Hearing—Humble Civic Center, 8233 Will Clayton Parkway, Humble, TX from 10 a.m. to 12 noon
- October 26, 2011 Public Hearing—Hobby Airport Marriott (Corpus Christi Room), 9100 Gulf Freeway, Houston, TX from 10 a.m. to 12 noon.
- October 27, 2011 Public Hearing—Galveston County Courthouse (Commissioners' Courtroom), 722 21 st Street, Galveston, TX from 6 p.m. to 8 p.m.
- November 8, 2011 – End of Public Comment Period
- November 9, 2011 Hurricane Ike Committee approves MOD
- November 15, 2011 H-GAC Board approval of MOD; submit MOD to GLO

State guidance requires H-GAC to submit this MOD by November 11, 2011 and to have an extensive public participation and comment process. *H-GAC received a two business-day extension on the submittal deadline to accommodate action at the H-GAC Board Meeting on November 15, 2011.*

## **2.0 PUBLIC NOTIFICATION AND INPUT PROCESS**

As part of the public notification and input process, H-GAC developed a series of Ike Committee meetings, input sessions and public hearings. Information on the specifics of the public participation and comment process is included in the Citizen Participation Plan, included as Appendix B.

Prior to developing the draft Round 2 Phase 2 MOD, H-GAC met with the H-GAC Ike Committee on September 16 and October 11, 2011 and held two input sessions with housing advocates, community organizations and concerned citizens on October 3, 2011.

H-GAC held three public hearings during the public comment period on October 25, 26, and 27, 2011. H-GAC distributed notices in English, Spanish and Vietnamese to regional and local newspapers, posted information on the H-GAC and state agency websites, and contacted numerous individuals via electronic mail. A summary of the date, time and place for the public hearings is presented below. Details are included in Appendix B.

- Public Hearing 1: October 25, 2011, 10:00 a.m. – noon. Humble Civic Center, 8233 Will Clayton Parkway, Humble, TX 77338.
- Public Hearing 2: October 26, 2011, 10:00 a.m. - noon. Hobby Airport Marriott (Corpus Christi Room), 9100 Gulf Freeway, Houston, TX 77017.
- Public Hearing 3: October 27, 2011, 6:00 p.m. – 8:00 p.m. Galveston County Courthouse (Commissioners' Courtroom), 722 21 st Street, Galveston, TX 77550.
- *A final public comment opportunity was provided during the H-GAC Board of Director's meeting held on Tuesday, November 15, 2011.*

A hard copy of the MOD was available for public inspection and comment at the H-GAC reception area at 3555 Timmons, Suite 120, Houston, TX 77027 throughout the comment period. Additional information on providing comments and submitting questions regarding the Round 2 Phase 2 MOD is included in Appendix B.

## **3.0 ALLOCATION PROCESS**

H-GAC's Hurricane Ike Recovery Committee met on October 11, 2011 to review allocation methods. H-GAC staff recommended using the formulae adopted by H-GAC's Board during the early Round 2 effort as a starting point for the Round 2 Phase 2 MOD because it placed an emphasis on storm damage and low to moderate income populations. Placing an emphasis on these conditions increases the potential of funds being allocated to communities where damage was the highest and vulnerable populations are the most impacted – a key element of the State's Amended Action Plan. H-GAC developed a preliminary



allocation for the entire \$1.032 billion in second round funding and subtracted out State-approved Round 2 Phase 1 Obligations. The resulting balance is the allocation amount available for Round 2 Phase 2. Specific allocations for non-housing and housing activities are presented in Sections 3.1 and 3.2.

### 3.1 Allocation Between Non-Housing and Housing

The share between Non-Housing and Housing Funds for the Round 2 Phase 2 allocation is predetermined by the State, and includes:

Total Non-housing – Round 2.2	\$322.1 million
Total Housing – Round 2.2	<u>\$647.4 million</u>
	\$969.5 million

*\*The Round 2.2 Method of Distribution (MOD) allocates remaining Round 2 funds that remain following final obligations of Round 2.1 funding by GLO. After issuing guidance on the Round 2.2 MOD process, GLO notified H-GAC that \$14,426,993 in Round 2.1 non-housing funds were not obligated by GLO and that the \$322,067,844 million in non-housing funds should be adjusted accordingly (i.e., to \$336,494,837). As a result, the Round 2.2 MOD non-housing allocation tables included in the draft MOD, presented at public hearings, and approved by the H-GAC Board include a non-housing amount of \$336,494,837.*

### 3.2 Non-Housing Funds

H-GAC allocated non-housing funds through sequential steps, with the first step establishing a County total using uniformly available data-

1. Each County total based upon share of regional FEMA funded projects
  - FEMA Hurricane Ike damage data provided by GLO along with total low-mod income populations adjusted for storm surge
  - H-GAC excluded debris removal and emergency measures
2. *After* establishing County totals, calculate City of Galveston and balance of Galveston County and City of Houston and balance of Harris County shares using Texas Rebounds or FEMA project worksheet data damage reports.
3. City of Houston and City of Galveston allocations are reduced to set floor for smaller counties with less FEMA reported damage
  - \$750,000 floor for inland counties
  - \$5 million floor for coastal counties
4. Allocate to cities and balance of County
  - Use relative share of total low-moderate income population
  - Low-mod shares adjusted based upon storm surge factor

This approach results in an aggregated total of \$ 336.5 million in non-housing funding being allocated within the Round 2 Phase 2 MOD.

Step 1 allocated funds to the county level using FEMA damage data for categories C through G. This approach mirrors the method used by HUD to allocate the second allocation of funding to the States.

Step 2 determined allocations for the City of Galveston and the City of Houston. H-GAC used two sources of data to determine the amount to be allocated for the City of Galveston from the Galveston County amount calculated in Step 1 for the City of Galveston and Galveston County. H-GAC split the difference between the two methods and obtained the distribution included in Table 1, below. At the time of posting, H-GAC was unable to obtain FEMA project worksheet summaries that split out the City of Houston from Harris County. As a result, H-GAC based the City of Houston share of Harris County non-housing funds calculated in Step 2 using the Governor's Texas Rebounds Report data

Step 3 Funding floor - Based on input from the region during development of the previous Round 2 MOD, H-GAC established a floor-level of non-housing funding to assist counties in their recovery efforts. The floor for inland counties is set at \$750,000, with the caveat that funds will be reallocated if the counties (and cities therein) cannot submit eligible projects to the State. Likewise, H-GAC proposes a floor of \$5,000,000 for coastal counties. It is important to note that floor-level funding is not a set aside. The floor-level includes an adjustment to non-housing funding to raise each county to the minimum level.

Step 4 H-GAC allocated non-housing funds down to the city level for remaining entities using an assessment of the city share of total low-moderate income population for the entire county. Project allocation to the city level based on shares of HUD low-moderate income population included FEMA damage data and a weighting factor to benefit communities within the surge zone included in the State's Action Plan Amendment. *The GLO has a minimum threshold of \$75,000 per county. Allocations less than the \$75,000 are rolled into the unincorporated county allocation.* A summary of the low-to-moderate population numbers, weightings and allocations is included in Appendix C.

#### Subrecipient Level Allocations

Subrecipient level allocations of Non-Housing Funds for Round 2 Phase 2 are presented in Table 3. As in previous MODs, H-GAC recommends that cities be permitted to transfer all or a portion of their allocation to their respective County and counties be permitted to transfer funds to cities or be authorized to expend funds in incorporated communities, if H-GAC was formally notified, agreement letters in place between entities, and the recipient completes and submits a FFAST Form by the end of the public comment period (November 8, 2011). Entities listed in Table 3 that did not complete and submit a FFAST Form by the end of the public comment period had their funds reallocated within their respective County using the current formula – *or transferred within their County by formal designation*. If no jurisdiction in a County has completed the FFAST form the County's allocation would be distributed regionally, according to the reallocation approach included in Section 3.4.

TABLE 1

## NON-HOUSING ALLOCATIONS - H-GAC Round 2.2 MOD - 11/15/2011

ENTITY	COUNTY	Round 2.2 Allocation		DREF Obligation	
Wallis	Austin County	\$	750,000		
		\$	750,000		
Alvin	Brazoria County	\$	2,159,644		
Angleton	Brazoria County	\$	1,559,011		
Brazoria	Brazoria County	\$	190,169		
Clute	Brazoria County	\$	1,664,451		
Freeport	Brazoria County	\$	1,539,279		
Sweeny	Brazoria County	\$	235,860		
West Columbia	Brazoria County	\$	269,915		
County	Brazoria County	\$	8,095,357	\$	1,254,028
		\$	15,713,687		
Anahuac	Chambers County	\$	1,143,182		
Old River-Winfree	Chambers County	\$	246,668		
County	Chambers County	\$	6,025,165	\$	933,341
		\$	7,415,015		
Missouri City	Fort Bend County	\$	1,043,092		
County	Fort Bend County	\$	3,387,786		
		\$	4,430,879		
Bayou Vista	Galveston County	\$	805,119		
Clear Lake Shores	Galveston County	\$	577,297		
Dickinson	Galveston County	\$	12,838,214	\$	1,988,730
Friendswood	Galveston County	\$	4,509,549		
Galveston	Galveston city	\$	87,854,043	\$	13,609,209
Hitchcock	Galveston County	\$	6,134,606	\$	950,294
Jamaica Beach	Galveston County	\$	623,746		
Kemah	Galveston County	\$	1,849,119		
La Marque	Galveston County	\$	4,950,153		
League City	Galveston County	\$	8,246,716	\$	1,277,474
Santa Fe	Galveston County	\$	2,337,719		
Texas City	Galveston County	\$	13,277,159	\$	2,056,725
Tiki Island	Galveston County	\$	258,788		
County	Galveston County	\$	31,558,883	\$	4,888,693
		\$	175,821,110		

Baytown	Harris County	\$	16,102,898	\$	2,494,452
Galena Park	Harris County	\$	909,569		
Humble	Harris County	\$	909,971		
Jacinto City	Harris County	\$	794,517		
La Porte	Harris County	\$	4,721,465		
Pasadena	Harris County	\$	14,592,495	\$	2,260,480
Seabrook	Harris County	\$	1,588,499		
Shoreacres	Harris County	\$	180,146		
South Houston	Harris County	\$	1,303,346		
Taylor Lake Village	Harris County	\$	149,340		
Houston	Houston city	\$	26,148,986	\$	4,050,662
County	Harris County	\$	48,103,400	\$	7,451,555
		\$	115,504,632		
Ames	Liberty County	\$	264,483		
Cleveland	Liberty County	\$	1,471,067		
Daisetta	Liberty County	\$	190,314		
Dayton	Liberty County	\$	799,445		
Hardin	Liberty County	\$	120,248		
Liberty	Liberty County	\$	1,214,790		
County	Liberty County	\$	4,331,166		
		\$	8,391,512		
Palacios	Matagorda County	\$	1,522,407		
County	Matagorda County*	\$	3,578,278		
		\$	5,098,685		
Conroe	Montgomery County	\$	456,170		
County	Montgomery County	\$	1,413,147		
		\$	1,869,317		
Huntsville	Walker County	\$	444,284		
County	Walker County	\$	305,716		
		\$	750,000		
Hempstead	Waller County	\$	158,424		
County	Waller County	\$	591,576		
		\$	750,000		

\* Matagorda County allocation includes reallocation of \$750,000 from Wharton County

### Minimum and Maximum Grant Amounts

The minimum non-housing allocation amount is \$75,000 for communities identified in Table 3 of this Method of Distribution. The maximum grant amount shall not exceed the community-specific allocation amount specified in Table 3 of this Method of Distribution, unless the amount is increased via reallocation. Allocations within each county are based on relative share of the county-wide LMI population. This includes cities and the unincorporated county. The GLO has a minimum threshold of \$75,000 per county. *When the allocation formula results in an amount less than \$75,000, the allocation less than the \$75,000 is rolled into the unincorporated county allocation.*

### Eligible Non-Housing Project Categories

H-GAC proposes that the following would be eligible projects under this MOD: water facilities, sewer facilities, other public utilities, street improvements, flood and drainage improvements, economic development, fire protection facilities and equipment, community centers and emergency shelters, senior centers, authorized public facilities and improvements, public services, clearance and demolition activities, code enforcement and planning and urban environmental design. As mentioned earlier, economic development is not specifically addressed as a set aside however, entities may elect to submit economic development projects to the GLO for consideration.

### Ineligible Non-Housing Project Categories

Activities proposed as ineligible for the Round 2 Phase 2 MOD funding are: debris removal and parks and recreational facilities.

### Disaster Recovery Enhancement Fund Obligations

The State received HUD Disaster Recovery Enhancement Funds (DREF) to supplement conventional CDBG disaster recovery funding. To retain the DREF allocation, H-GAC is required to obligate \$43 million within the Round 2.2 allocation to local governments for DREF eligible projects. DREF projects can include land use planning, updating Flood Insurance Rate maps, buy outs, drainage projects, and other mitigation measures. The Round 2 Phase 2 MOD allocates the DREF obligation as a spending requirement for non-housing allocations over \$5,000,000 – as listed in Table 3. DREF Obligations are contained within the Available Round 2.2 Allocation column and are not additional funds.

### Analysis of Impediments to Fair Housing and FFAST Form Considerations

The Round 2 Phase 2 must be informed by the State of Texas Phase I Analysis of Impediments to Fair Housing. *H-GAC considered the State of Texas Phase I Analysis of Impediments to Fair Housing by a) completing a COG-level FHST Form; b) completing a FFAST form for the H-GAC subregional Disaster Recovery Housing program; c) requiring subrecipients to complete, submit and receive GLO approval on local-level FHSAT Forms as a pre-requisite to receive non-housing and housing allocations; d) requiring housing subrecipients to use the H-GAC Regional Needs Assessment to inform their local program applications to GLO – and to expand upon the Regional Needs Assessment to further consider local community demographics; and, e) requiring that housing programs address the State of Texas Phase I Analysis of Impediments to Fair Housing when developing and implementing their programs.* H-GAC completed a Fair Housing Activity Statement-Texas (FFAST) Form as required by the GLO, and is requiring that all subrecipients complete and submit a FFAST form to GLO as a pre-requisite for

eligibility to receive non-housing and housing allocations under the Round 2 Phase 2 MOD. In addition to the FFAST Forms, H-GAC completed a regional level needs assessment to identify areas of concentrated poverty, ethnicity and race to support refinement of local housing programs to be developed by H-GAC, Counties and Cities during Round 2. The COG-Level FFAST Form completed by H-GAC is included as Appendix A.

Recipients of Non-Housing funds must document how their programs will meet obligations to Affirmatively Further Fair Housing. In additions to consulting local FFAST Forms, programs should consider local analysis of impediments documents. Recipients are required to receive training from the State regarding how to ensure projects affirmatively further fair housing.

### Section 3 Considerations

As stated in the FFAST Form, recipients and subrecipients shall comply with applicable HUD policies including HUD's Section 3 Program. Using an effective program under Section 3 of the Housing and Urban Development Act of 1968 may help members of protected classes gain economic opportunities necessary to allow them to exercise fair housing choice.

Recipients and subrecipients should develop a Section 3 program that meets the requirements of federal law and regulations regarding the use of local vendors and, potential job creation at the impacted neighborhood level - and the use of federal funds to hire local LMI eligible persons and members of protected classes.

### **3.3 Housing Funds**

H-GAC allocated funds based on the above-referenced formulae which are based on a detailed analysis of FEMA housing damage assessments, HUD low-moderate income demographics, and severity of damage (data sources and formulae included as Appendix D). This approach includes analyzing FEMA home damage reports for counties, cities, and unincorporated areas within the eligible portions of the H-GAC region and developing an estimated dollar value for each damage category, from minor through destroyed. H-GAC also reviewed low-moderate income data available through HUD and included the results of that analysis in its funding allocations. In the case of subsidized and public housing allocations, determinations were made on relative share of vouchers or public housing units and weighted for storm surge. Allocations for the various housing categories are presented below and summarized in Tables 4 and 5.

Entities listed in Table 4 and 5 that do not complete and submit a FFAST Form by the end of the public comment period will have their funds reallocated within their respective County using the current formula. The re-allocation would be first within the county using the fund distribution formula. If no jurisdiction in a County has completed the FFAST form the County's allocation would be distributed regionally, according to the fund distribution formula. Recommendations for reallocations above the County level are included in Section 3.4.

### General Disaster Recovery Housing

H-GAC recommends that the \$427 million in general housing funding be programmed via existing disaster recovery housing programs developed during the first round of funding. Disaster Recovery Housing Programs include Chambers County, Fort Bend County, Galveston County, City of Galveston, Harris County, City of Houston, Liberty County, Montgomery County, Wharton County, and the H-GAC

subregional disaster recovery housing that covers Austin, Brazoria, Matagorda, Walker, and Waller counties and all cities therein. Round 1 programs may elect to join the H-GAC subregional program and be administered by H-GAC. Round 2 Phase 2 programs will be aligned with the guidelines and policies to be developed by the State's Housing Program Guidelines Task Force and must comply with the requirements included below.

Allocations to recipients administering local housing programs are contingent upon the following conditions.

- Recipients must coordinate with GLO to complete and submit the applicable program application within the timeframe established by GLO.
- Round 2 Phase 2 housing programs will be aligned with the State Round 2 Housing Guidelines developed by the State's Housing Program Guidelines Task Force.
- Round 2 Phase 2 programs will include opportunities for applicants to voluntarily relocate based upon the parameters within the Homeowner Opportunity Program. In accordance with the State and housing advocate conciliation agreement each housing recipient must devote a portion of its housing program to counseling and relocation supportive services for persons who choose to relocate rather than repair or reconstruct their home in areas of poverty, ethnicity and racial concentration and areas within the 100-year flood plain.
- Recipients must define the services to be offered to individuals with eligible properties located in the flood plain and must comply with local ordinances and regulations and other applicable state and federal law and regulations.
- To provide additional opportunity for public comment on specific housing services, recipients must define the housing services they provide and hold a public hearing on housing program guidelines and their housing application to the State.
- Programs will meet the requirements of the GLO and the State of Texas Plan for Disaster Recovery – Revised Amendment No. 1 Action Plan – including but not limited to, maintaining affirmative *marketing* plans, affirmatively furthering fair housing and using locally applicable analysis of impediments to inform their programs.
- Recipients shall comply with applicable HUD policies including HUD's Section 3 program which encourages hiring of local firms and residents.
- Recipients must document how their programs will meet obligations to Affirmatively Further Fair Housing. In additions to consulting local FFAST Forms, programs should consider local analysis of impediments documents. Recipients are required to receive training from the State regarding how to ensure projects affirmatively further fair housing.

H-GAC makes the following recommendations regarding local disaster recovery housing programs to be funded via the Round 2 Phase 2 MOD.

- Outreach efforts should be focused in low to moderate income neighborhoods and areas exhibiting concentrations as noted in the Regional Needs Assessment and local needs assessments.

- Housing specifications should take into consideration the long term financial and maintenance needs of the housing applicants (i.e., use of energy efficient appliances and materials, durable fixtures, and considerations for future accessibility needs)
- At least 90% of the total housing funds benefit low to moderate income households.
- H-GAC recommends that GLO provide maximum flexibility to local recipients in use of Round 2 Phase 2 funds for activities related to serving housing applicants previously certified under Round 1 funds.

**TABLE 4**  
**GENERAL HOUSING ALLOCATION - H-GAC Round 2.2 MOD - 11/15/2011**

<b>Entity</b>	<b>Regional Housing Share (%)</b>	<b>General Housing Allocation</b>	<b>Affordable Rental Single Family Allocation</b>	<b>Affordable Rental - Other (Multifamily) Allocation</b>	<b>Combined Total</b>
Austin County*	0.02%	\$ 73,775	\$ 4,997	\$ 5,020	\$ 83,791
Brazoria County*	3.63%	\$ 15,503,233	\$ 1,050,000	\$ 1,054,866	\$ 17,608,098
Chambers County	4.23%	\$ 18,055,367	\$ 1,222,850	\$ 1,228,517	\$ 20,506,734
Fort Bend County	1.04%	\$ 4,446,055	\$ 301,122	\$ 302,517	\$ 5,049,694
Galveston County	23.85%	\$ 101,891,355	\$ 6,900,878	\$ 6,932,857	\$ 115,725,091
City of Galveston	25.27%	\$ 107,955,580	\$ 7,311,595	\$ 7,345,477	\$ 122,612,652
Harris County	10.00%	\$ 42,705,666	\$ 2,892,361	\$ 2,905,765	\$ 48,503,792
City of Houston	25.12%	\$ 107,348,346	\$ 7,270,468	\$ 7,304,160	\$ 121,922,974
Liberty County	3.95%	\$ 16,864,173	\$ 1,142,173	\$ 1,147,466	\$ 19,153,813
Matagorda County*	0.06%	\$ 241,959	\$ 16,387	\$ 16,463	\$ 274,810
Montgomery County	2.52%	\$ 10,750,580	\$ 728,113	\$ 731,487	\$ 12,210,180
Walker County*	0.26%	\$ 1,111,839	\$ 75,302	\$ 75,651	\$ 1,262,793
Waller County*	0.07%	\$ 311,482	\$ 21,096	\$ 21,194	\$ 353,771
Wharton County	0.00%	\$ 2,212	\$ 150	\$ 150	\$ 2,512
<i>Total</i>	100.00%	\$ 427,261,621	\$ 28,937,493	\$ 29,071,592	\$ 485,270,706

\* - H-GAC administers a sub-regional disaster recovery housing program that covers Austin, Brazoria, Matagorda, Walker and Waller Counties and all cities therein.

#### Affordable Rental Housing Set-Aside

In Round 2.2 H-GAC is required to allocate a \$126 million set-aside for repair and replacement of affordable rental housing. The affordable rental category directs funding to the repair and reconstruction of single family rental, multifamily, and public housing units – and includes specific sub-level allocations.

#### Affordable Rental Single Family and Affordable Rental Other (Multifamily)



H-GAC recommends that the \$28.9 million in Affordable Rental Single Family and \$29.1 million in Affordable Rental Other (multifamily) set asides be allocated to the existing housing programs by the same damage and LMI weighted formula used for the general housing allocations. Specific allocations are included in Table 4.

### Public Housing

H-GAC Recommends that the \$68.1 million set-aside for Public Housing Units be allocated as follows. \$50 million allocated to the Galveston Housing Authority (corresponding to the \$50 million set aside for plus on Galveston Island). \$18.1 million for other plus to be allocated to Housing Authorities within the H-GAC region based on a storm-weighted share of HUD plus units. Specific allocations are included in Table 5. Data sources and formulae are included in Appendix D.

### Subsidized Housing Set-Aside

H-GAC must allocate \$90 million set aside for repair and replacement of subsidized housing in Galveston County and Harris County, which includes the \$20 million set aside for Galveston Island. H-GAC is recommending allocating subsidized housing funds according to storm surge-weighted shares of housing vouchers as indicated in Table 5. Data sources and formulae are included in Appendix D. Note that the proposed allocations include Housing Authorities. *H-GAC recommends that the following be classified as eligible subrecipients of subsidized and public housing funds as indicated in Table 3: Bay City Housing Authority, Baytown Housing Authority, Bellville Housing Authority, Cleveland Housing Authority, Dayton Housing Authority El Campo Housing Authority, Galveston Housing Authority, Harris County Housing Authority, Houston Housing Authority, City of Houston, Huntsville Housing Authority, La Marque Housing Authority, Palacios Housing Authority, Pasadena Housing Authority, and Texas City Housing Authority.*

**TABLE 5**  
**H-GAC- SUBSIDIZED AND PUBLIC HOUSING ALLOCATION - ROUND 2.2 MOD - 11/15/2011**

<b>Housing Authority/Entity</b>	<b>County</b>	<b>Surge Weighted Subsidized Housing Allocation</b>	<b>Public Housing Units Allocation</b>	<b>Rapid Housing Recovery Pilot Program</b>
Bellville Housing Authority	Austin County		\$ 92,289	
Galveston Housing Authority	Galveston County	\$ 34,087,545	\$ 50,000,000	
La Marque Housing Authority	Galveston County	\$ 189,382		
Texas City Housing Authority	Galveston County	\$ 1,665,135	\$ 401,729	
Baytown Housing Authority	Harris County	\$ 7,441,297	\$ 1,248,616	
Harris County Housing Authority	Harris County	\$ 13,274,630		
Houston Housing Authority	Harris County		\$ 14,834,102	
City of Houston	Harris County	\$ 29,490,046		
Pasadena Housing Authority	Harris County	\$ 3,851,965		
Cleveland Housing Authority	Liberty County		\$ 190,007	

Dayton Housing Authority	Liberty County		\$ 271,438	
Bay City Housing Authority	Matagorda County		\$ 249,723	
Palacios Housing Authority	Matagorda County		\$ 119,433	
Huntsville Housing Authority	Walker County		\$ 271,438	
El Campo Housing Authority	Wharton County		\$ 407,157	
H-GAC Regional RFP Process	Galveston & Harris			\$ 4,000,000
<i>Totals</i>		\$ 90,000,000	\$ 68,085,933	\$ 4,000,000

### Rapid Housing Recovery Pilot Program

The Round 2 Phase 2 MOD also includes allocation of \$4 million in funds to develop and implement 2 rapid housing recovery pilot program pilot programs – 1 to be located in Galveston County a 1 located in Harris County. The intent of the pilot programs is to develop rapid, efficient, large scale production of temporary and permanent housing that can be rapidly deployed following natural disasters. *H-GAC will be the subrecipient for the Rapid Recovery Housing Pilot Program. receive the allocation for the Rapid Recovery Housing Pilot Programs and oversee the development and implementation via a Request for Proposals process.*

### Analysis of Impediments to Fair Housing and FFAST Form Considerations

The Round 2 Phase 2 must be informed by the State of Texas Phase I Analysis of Impediments to Fair Housing. *H-GAC considered the State of Texas Phase I Analysis of Impediments to Fair Housing by a) completing a COG-level FHSAT Form; b) completing a FFAST form for the H-GAC subregional Disaster Recovery Housing program; c) requiring subrecipients to complete, submit and receive GLO approval on local-level FHSAT Forms as a pre-requisite to receive non-housing and housing allocations; d) requiring housing subrecipients to use the H-GAC Regional Needs Assessment to inform their local program applications to GLO – and to expand upon the Regional Needs Assessment to further consider local community demographics; and, e) requiring that housing programs address the State of Texas Phase I Analysis of Impediments to Fair Housing when developing and implementing their programs.* H-GAC completed a Fair Housing Activity Statement-Texas (FHSAT) Form as required by the GLO, and is requiring that all subrecipients complete and submit a FFAST form to GLO as a pre-requisite for eligibility to receive non-housing and housing allocations under the Round 2 Phase 2 MOD. In addition to the FFAST Forms, H-GAC completed a regional level needs assessment to identify areas of concentrated poverty, ethnicity and race to support refinement of local housing programs to be developed by H-GAC, Counties and Cities during Round 2. *H-GAC encourages all individual disaster recovery housing programs to enhance the regional needs assessment by developing program specific needs assessments which consider local needs and ensure equitable distribution of housing services to impacted communities.*

Recipients of Housing funds must document how their programs will meet obligations to Affirmatively Further Fair Housing. In additions to consulting local FFAST Forms, programs should consider local analysis of impediments documents. Recipients are required to receive training from the State regarding how to ensure projects affirmatively further fair housing.

### Regional Needs Assessment

At the request of the Texas General Land Office (GLO), the Houston-Galveston Area Council completed a regional housing needs assessment to inform the planning process associated with the Round 2 Phase 2 regional method of distribution for CDBG disaster recovery funds associated with Hurricane Ike.

The Regional Housing Needs Assessment identifies concentrations of minority, ethnicity, and poverty; areas of FEMA housing damage; household income levels within affected counties and cities; and Round 1 disaster housing awards completed through August 2011.

The primary goals of the regional housing needs assessment are:

- Determine communities where housing programs need to inform Round 2 housing applicants about the Homeowner Opportunity Program;
- Identify areas where documented housing damage warrants focused outreach during Round 1 and Round 2;
- Compare the alignment of current disaster recovery housing awards with LMI populations within the affected areas;
- Provide a baseline from which individual housing programs can develop more specific housing needs assessments to inform the development of Round 2 disaster recovery programs.

H-GAC completed a program-level analysis of: FEMA housing damage data; Round 1 disaster recovery housing awards; concentrations of ethnicity, minority and poverty; shares of renters and home owners; and alignment of the disaster recovery housing awards with the low-moderate income demographics. The analysis also provides considerations for future program development regarding service to income levels, the Homeowner Opportunity Program, and consideration for rental properties.

H-GAC recommends that individual disaster recovery housing programs enhance the regional effort by developing program specific needs assessments which consider local needs and ensure equitable distribution of housing services to impacted communities. The Regional Needs Assessment can be viewed and downloaded at [www.h-gac.com/ike](http://www.h-gac.com/ike)

### Section 3 Considerations

As stated in the FFAST Form, recipients and subrecipients shall comply with applicable HUD policies including HUD's Section 3 Program. Using an effective program under Section 3 of the Housing and Urban Development Act of 1968 may help members of protected classes gain economic opportunities necessary to allow them to exercise fair housing choice.

Recipients and subrecipients should develop a Section 3 program that meets the requirements of federal law and regulations regarding the use of local vendors and, potential job creation at the impacted neighborhood level - and the use of federal funds to hire local LMI eligible persons and members of protected classes.

### **3.4 Recommendations Regarding Post-Approval Reallocation**

The GLO Round 2 Phase 2 guidance does not include a provision for regional reallocation of funds. It specifies that *“Any regionally allocated funds not fully obligated by the COG and funds from projects that have been allocated but are later disqualified or reduced in scope or pricing shall be returned to the State for reallocation at the State’s discretion.”* H-GAC provides a process for pre-GLO approval reallocation based on FFAST Form submittal at the end of the public comment period (Sections 3.2 and 3.3).

With regards to reallocation post-GLO approval, H-GAC recommends that GLO strongly consider the reallocation policy direction included below. In reallocating funds, H-GAC recommends that GLO give consideration to communities that have been most severely impacted by Hurricane Ike and that can demonstrate an ability to promptly submit and implement compliant projects. Severity of damage determination is not limited to criteria contained in the first or second round methods of distribution.

First priority for reallocation, after consideration of reallocation within a county, is to the following counties, or cities located therein, that experienced significant storm surge and significant weather impacts:

- Matagorda County
- Chambers County
- Brazoria County

Second priority will be given to the following counties, cities located within the counties, or cities based upon storm surge and other weather impacts:

- Liberty County
- Galveston County
- City of Galveston
- Harris County
- City of Houston

Third priority will be given to more inland communities that experienced less severe impacts:

- Montgomery County
- Walker County
- Fort Bend County
- Waller County
- Austin County
- Wharton County

#### **4.0 FURTHERING LONG-TERM PLANNING AND RECOVERY**

The method of distribution for the H-GAC region fosters long-term community recovery by allocating funds through existing disaster recovery housing programs and minimizing the restriction of eligible projects categories available to local governments. Local communities are often best suited to understand their needs following natural disasters and targeting funding to meet local priorities will result in focused recovery efforts backed by broad support, producing stability for local citizens via restored housing, recovery of local communities by improved infrastructure and revitalization of the local economy via increase tax revenues (sales and property), restored businesses and jobs.

In addition to allowing local communities to determine project priorities, development of the method of distribution included a detailed analysis of housing damage, low to moderate income demographics, and

infrastructure damage. The resulting distribution is weighted towards communities most damaged by the storm surge and places a substantial amount of funding on housing services in highly impacted and vulnerable areas. As a result, repaired and replaced housing will be constructed to current codes and better able to weather future storms. Moving quickly to restore housing stock within impacted communities will help stabilize local economies and restore property tax revenues heavily diminished in the wake of Hurricane Ike. Infrastructure projects in areas most impacted by the storm will be quickly funded while an appreciation for preparing for future storms and hardening community infrastructure remains within the collective memory of citizens and community leaders.

H-GAC encourages each housing program to revisit their priorities based upon the results of outreach efforts conducted to date, review and expand upon the Regional Needs Assessment, and determine if current priorities address the pool of eligible households. H-GAC also recommends that housing specifications take into consideration the long term financial and maintenance needs of the housing applicants (i.e., use of energy efficient appliances and materials, durable fixtures, and considerations for future accessibility needs).

## **5.0 COMMENTS AND QUESTIONS**

Written and oral comments regarding the Method of Distribution were taken at three public hearings at the following dates, times and locations:

- Public Hearing 1: October 25, 2011, 10:00 a.m. – noon. Humble Civic Center, 8233 Will Clayton Parkway, Humble, TX 77338.
- Public Hearing 2: October 26, 2011, 10:00 a.m. - noon. Hobby Airport Marriott (Corpus Christi Room), 9100 Gulf Freeway, Houston, TX 77017.
- Public Hearing 3: October 27, 2011, 6:00 p.m. – 8:00 p.m. Galveston County Courthouse (Commissioners' Courtroom), 722 21 st Street, Galveston, TX 77550.
- *A final public comment opportunity was provided during the H-GAC Board of Director's meeting held on Tuesday, November 15, 2011.*

Additional written comments must be received by the Houston-Galveston Area Council by **4:00 p.m. on Tuesday, November 8, 2011**. Written comments can be sent via email to [ikecdbg@h-gac.com](mailto:ikecdbg@h-gac.com), mailed to H-GAC Attn: Jessica Poole, Economic Development Planner, Houston-Galveston Area Council, P. O. Box 22777, Houston, Texas 77227, or hand delivered to H-GAC, 3555 Timmons Lane, Suite 100, Houston, Texas 77027. H-GAC encourages the public to email or hand-deliver comments to ensure delivery of said comments to the State. Comments can also be received via email at [ikecdbg@h-gac.com](mailto:ikecdbg@h-gac.com) or facsimile at 713-993-4503

The Draft Method of Distribution was posted on Tuesday, October 18, 2010 by 8:00 p.m. on the Internet website [www.h-gac.com](http://www.h-gac.com) and [www.h-gac.com/Ike](http://www.h-gac.com/Ike) and will be available at H-GAC, located at 3555 Timmons Lane, Suite 120, Houston, Texas 77027.

H-GAC will provide for reasonable accommodations for persons attending H-GAC functions. Requests from persons needing special accommodations should be received by H-GAC staff 24-hours prior to the function.

Additional information can be found on the H-GAC website at [www.h-gac.com](http://www.h-gac.com) under IN THE NEWS and at [www.h-gac.com/jke](http://www.h-gac.com/jke) .

## **APPENDIX A**

### **H-GAC COG-Level FFAST Form**

## **APPENDIX B**

### **Summary of Updates and Revisions to Draft Round 2 Phase 2 MOD**



## **APPENDIX C**

### **Citizen Participation Plan**

## **APPENDIX D**

### **Data Sources and Formulae**

- Housing: FEMA Bracketed Damage Data – August, 2009.
  - Values used for categories are as follows
    - \$2,500 (minor)
    - \$15,000 (moderate damage)
    - \$25,000 (rehabilitation)
    - \$65,000 (heavily damaged)
    - \$100,000 (destroyed)
    - \$35,000 (replacement per rental unit)
- Non-Housing: FEMA Infrastructure Damage Data Categories C through G from <http://www.fema.gov/hazard/hurricane/2008/ike/portal.shtml>
- HUD LMI % Per County from Housing and Urban Development Website
- Governor's Texas Rebounds Report (see below)

#### **Texas Rebounds - Critical Infrastructure Data**

<b>County</b>	<b>\$ Infrastructure</b>
Austin County	\$ -
Brazoria County	\$ 7,700,000
Chambers County	\$ 210,000,000
City of Galveston	\$ 550,000,000
City of Houston	\$ 104,500,000
Fort Bend County	\$ -
Liberty County	\$ 13,000,000
Matagorda County	\$ 25,500,000
Montgomery County	\$ -
Rest of Galveston County	\$ 120,200,000
Rest of Harris County	\$ 411,600,000
Walker County	\$ 2,500,000
Waller County	\$ -
Wharton County	\$ -
<b>Grand Total</b>	<b>\$ 1,445,000,000</b>